

Senate File 2142 - Introduced

SENATE FILE 2142
BY COMMITTEE ON VETERANS
AFFAIRS

(SUCCESSOR TO SSB 3068)

A BILL FOR

1 An Act creating the hire a hero tax credit and including
2 retroactive applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11I Hire a hero tax credit.

2 1. The taxes imposed under this division, less the credits
3 allowed under section 422.12, shall be reduced by a hire a hero
4 tax credit. An employer who hires and employs an eligible
5 employee is eligible to claim the tax credit.

6 2. As used in this section:

7 a. "*Eligible employee*" means a person who is a resident
8 of this state and a member of the national guard, reserve, or
9 regular component of the armed forces of the United States
10 employed on a permanent full-time or a permanent part-time
11 basis of at least thirty hours per week each week. A person
12 shall not be an eligible employee if the person was hired to
13 replace a different eligible employee whose employment was
14 terminated within the twelve-month period preceding the date of
15 first employment, unless the eligible employee being replaced
16 left employment voluntarily without good cause attributable to
17 the employer or was discharged for misconduct in connection
18 with the eligible employee's employment.

19 b. "*Employer*" includes a self-employed person who meets the
20 definition of eligible employee.

21 c. "*Military service*" means federal service, state active
22 duty, or state military service as defined in section 29A.1.

23 3. The allowable credit shall be an amount equal to the sum
24 of the following:

25 a. (1) One thousand dollars for each eligible employee
26 hired for employment in this state during the tax year.

27 (2) If the eligible employee was not employed by the
28 employer for the entire tax year, the amount of the credit in
29 subparagraph (1) shall be prorated and the amount of the credit
30 for the taxpayer shall equal the maximum amount of credit for
31 the tax year, divided by twelve, multiplied by the number of
32 months in the tax year that the eligible employee was employed
33 by the employer. The credit shall be rounded to the nearest
34 dollar. If the employee was employed by the employer during
35 any part of a month, the eligible employee shall be considered

1 to be employed for the entire month.

2 *b.* (1) Five hundred dollars for each eligible employee
3 employed in this state during a tax year subsequent to the tax
4 year that the employee was hired for employment in this state.

5 (2) If the eligible employee was not employed by the
6 employer for the entire tax year, the amount of the credit in
7 subparagraph (1) shall be prorated and the amount of the credit
8 for the taxpayer shall equal the maximum amount of credit for
9 the tax year, divided by twelve, multiplied by the number of
10 months in the tax year that the eligible employee was employed
11 by the employer. The credit shall be rounded to the nearest
12 dollar. If the employee was employed by the employer during
13 any part of a month, the eligible employee shall be considered
14 to be employed for the entire month.

15 *c.* In addition to the credit amount in paragraph "a" or "b",
16 five hundred dollars for each eligible employee who performs at
17 least thirty days of military service during the tax year while
18 employed by the employer.

19 4. Any credit in excess of the tax liability shall be
20 refunded. In lieu of claiming a refund, a taxpayer may
21 elect to have the overpayment shown on the taxpayer's final,
22 completed return credited to the tax liability for the
23 following tax year.

24 5. An individual may claim the tax credit allowed a
25 partnership, limited liability company, S corporation, estate,
26 or trust electing to have the income taxed directly to the
27 individual. The amount claimed by the individual shall be
28 based upon the pro rata share of the individual's earnings of a
29 partnership, limited liability company, S corporation, estate,
30 or trust.

31 Sec. 2. Section 422.33, Code Supplement 2011, is amended by
32 adding the following new subsection:

33 NEW SUBSECTION. 11. The taxes imposed under this division
34 shall be reduced by a hire a hero tax credit. The taxpayer
35 shall claim the tax credit according to the same requirements

1 and calculated in the same manner as provided in section
2 422.11I.

3 Sec. 3. Section 422.60, Code Supplement 2011, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. 14. The taxes imposed under this division
6 shall be reduced by a hire a hero tax credit. The taxpayer
7 shall claim the tax credit according to the same requirements
8 and calculated in the same manner as provided in section
9 422.11I.

10 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
11 retroactively to January 1, 2012, for eligible employees hired
12 or employed on or after that date.

13 EXPLANATION

14 This bill creates the hire a hero tax credit for purposes
15 of the state individual and corporate income taxes and the
16 franchise tax. The tax credit is available for employers in
17 the amount of \$1,000 per eligible employee for the year in
18 which the eligible employee is hired, \$500 for each year of
19 employment subsequent to the year of hiring, and \$500 for each
20 year an eligible employee is called to at least 30 days of
21 military service. The annual credits for initial and continued
22 employment shall be prorated if such employment does not
23 extend through an entire tax year. Eligible employees must
24 be a resident of this state and be a member of the national
25 guard or a reserve or regular component of the armed forces
26 of the United States employed on a permanent full-time or
27 permanent part-time basis of at least 30 hours per week. The
28 bill provides that an otherwise eligible employee shall not be
29 considered an eligible employee if the eligible employee was
30 hired to replace another eligible employee whose employment
31 was terminated in the previous 12 months unless the eligible
32 employee being replaced left voluntarily or was discharged for
33 misconduct. The bill applies retroactively to January 1, 2012,
34 for eligible employees hired or employed on or after that date.